

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7338**

**BILL NUMBER:** HB 1514

**NOTE PREPARED:** Jan 10, 2013

**BILL AMENDED:**

**SUBJECT:** Insurance for Environmental Claims.

**FIRST AUTHOR:** Rep. Dvorak

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill specifies circumstances of coverage under an insurance policy that provides coverage for an environmental claim.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** The bill requires individuals who investigate or remediate property damage caused by pollution to first seek coverage from an applicable environmental liability policy to cover the costs of the investigation and remediations. To the extent environmental liability policies provide a viable funding source, state expenditures could decrease.

The funds that are most likely to be impacted by this bill are those funds in the Underground Petroleum Storage Tank Excess Liability Fund (IC 13-23-7). Revenue to this fund consists of (1) \$45 from a \$90 annual registration fee for underground petroleum storage tanks, (2) \$200 from a \$245 annual registration fee for tanks containing regulated substances other than petroleum, and (3) inspection fees of \$0.50 per barrel.

For FY 2012, underground petroleum storage tank fees netted approximately \$49.8 M in revenue.

**Explanation of State Revenues:** Under the bill, claimants would be allowed to take direct actions against insurers who refuse to pay an environmental claim. As a result, the number of civil actions that occur in the state could increase.

If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase.

A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

In addition, some or all of the judicial salaries fee (\$20), public defense administration fee (\$5), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Revenue from the pro bono services fee (\$1) is transferred by the State Auditor to the Indiana Bar Foundation for use to assist with pro bono legal services programs in Indiana. And proceeds from the automated record keeping fee (\$5) are deposited into the state User Fee Fund.

Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge, depending upon the particular type of case.

Persons filing a civil case are also required to pay the following fees that are deposited in local funds.

The document storage fee (\$2) is deposited into the clerk record perpetuation fund.

The following fees are deposited into the general fund of the county in which the court is located:

- Document fees (\$1 per document) are charged for preparing transcripts or copies of record or certificate under seal.
- Service fee (\$10) collected from the filing party for each defendant beyond the first cited in the lawsuit.

**State Agencies Affected:** Department of Insurance.

**Local Agencies Affected:** Civil courts.

**Information Sources:**

**Fiscal Analyst:** Bill Brumbach, 232-9559.